



October 30<sup>th</sup>, 2014

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

Re: *Connect America Fund*, WC Docket No. 10-90; *High-Cost Universal Service Support*, WC Docket No. 05-337

***Ex Parte Filing***

Dear Ms. Dortch:

On October 27<sup>th</sup>, 2014, the Small Company Coalition (SCC), including Jim Kail; Luke Kail; and Archie Macias, along with Randy Tyree and Douglas Kitch, met with Rebekah Goodheart to briefly discuss the SCC's proposal for comprehensive universal service reform for rate of return carriers as well as discuss the Commission's anticipated definition of "forward looking cost model". Mr. Macias also shared the attached documents detailing how its fiber-to-the-home build is increasing broadband subscribership and adding customers to its network in its rural service area.

On October 28<sup>th</sup>, 2014, the SCC (same individuals named above) met with Commissioner O' Rielly and Amy Bender and also met separately with Nicholas Degani to discuss the SCC's proposal for comprehensive universal service reform for rate of return carriers as well as discuss the Commission's anticipated definition of "forward looking cost model". The SCC continues to advocate that the current definition of "access lines" should be modified to incorporate data only broadband connections and that this is essential to match future USF/CAF funding with its intended purpose. Mr. Macias again shared the attached documents detailing how its fiber-to-the-home build is increasing broadband subscribership and adding customers to its network in its rural service area.

This ex parte communication is being submitted pursuant to Section 1.1206(b) of the Commission's rules.

Sincerely,

Douglas K. Kitch, President, CPA



Wheat State Telephone is a local telecommunications provider serving 722 square miles of rugged Kansas terrain. Wheat State serves customers in extremely rural areas of the state with landline telephones, long distance, high speed internet access, and digital television services.

- Local Telephone Services
- Video/Television Services
- High Speed Internet Service
- Internet Security Services
- Long Distance Services
- Data Communications Services
- High Speed Network Internet Connectivity

Wheat State Telephone brings these necessary telecommunications tools to rural America over a cutting edge fiber optic network called Fiber to the Home (FTTH). This fiber optic technology replaces traditional copper telephone wires and is the backbone that connects the communities Wheat State serves to the town next door and the rest of the world.

Wheat State Telephone's FTTH network helps define successful communities just as good water, power, public safety, and schools have done for decades. Through fiber Wheat State transmits phone, Internet, and television services over the same fiber optic line and greatly enhances the quality and performance of all three. With FTTH, area residents and businesses have access to feature-rich phone services, much faster Internet speeds, and digital television with crystal clear picture and sound. It's all part of the company's commitment to provide customers with the latest ways to stay connected, informed, and entertained — both today and into the future.

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Archie Macias  
General Manager  
106 W. First • Udall, Kansas 67146 • Toll-Free: 1-800-442-6835 • Fax: 620-782-3302  
M-F: 8am-12pm & 1pm-4:30pm

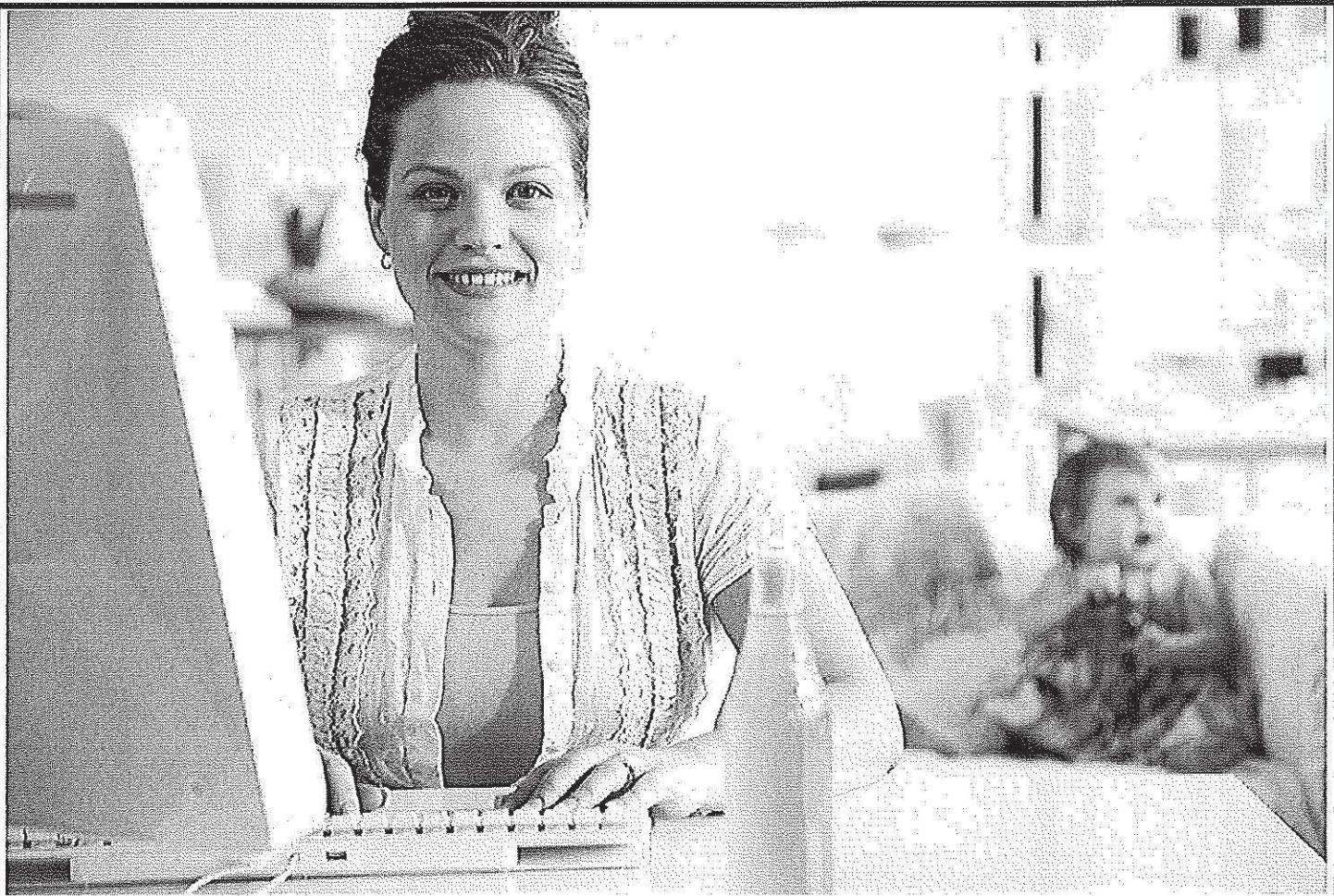
## Wheat State Telephone Statistics by Exchange

Exchange	Population	Square Miles	Route miles	Subscriber lines	Population Density per Sq mi	Subscribers Per Route Mile	Subscribers Per Square Mile
Cassoday	337	172.89	84.49	95	1.95	1.12	0.55
Matfield Green	103	98.89	36.08	61	1.04	1.69	0.62
Olpe	1,148	105.14	139.34	422	10.92	3.03	4.01
Potwin	1,419	124.75	155.08	359	11.37	2.31	2.88
Rock	413	47.6	58.79	128	8.68	2.18	2.69
Udall	<u>1,674</u>	<u>66.18</u>	<u>134.61</u>	<u>609</u>	<u>25.29</u>	<u>4.52</u>	<u>9.20</u>
	<u><u>5,094</u></u>	<u><u>615.45</u></u>	<u><u>608.39</u></u>	<u><u>1,674</u></u>	<u><u>8.28</u></u>	<u><u>2.75</u></u>	2.72

## Wheat State Telephone Construction Costs by Exchange

Exchange	Access Equipment	Buried Fiber	Switching Equipment	Total costs
Cassoday	\$ 178,703	\$ 2,989,676	\$ 149,253	\$ 3,317,632
Matfield Green	79,920	1,528,880		1,608,800
Olpe	322,616	4,524,419		4,847,035
Potwin	336,983	4,910,895		5,247,878
Rock	In progress	In progress	In progress	In progress
Udall	<u>In progress</u>	<u>In progress</u>	<u>In progress</u>	<u>In progress</u>
	<u>\$ 918,222</u>	<u>\$ 13,953,870</u>	<u>\$ 149,253</u>	<u>\$ 15,021,345</u>





## Benefits of Living in Fiber Connected Communities

Bringing a state-of-the-art optical communications network to your community will have a positive impact on economic development by bringing virtually unlimited bandwidth to the Kansas communities of Cassoday, Matfield Green, Olpe, and Potwin:

- ◆Fiber-optic cables are less susceptible to electrical interference and inclement weather than copper wires.
- ◆FTTH offers the flexibility to deliver additional services in the years to come.
- ◆Businesses will have a greater ability to compete in the global economy.
- ◆Quality of life is enhanced by access to online entertainment, education, and e-commerce.
- ◆Home buyers prefer homes with a fiber connection for telecommunications and TV entertainment services.

FTTH networks help define successful communities just as good water, power, transportation, public safety, and schools have done for decades. Wheat State Telephone is excited to bring you this next-generation communications technology.

Wheat State Telephone is committed to providing customers with the latest ways to stay connected, informed, and entertained — both today and into the future.



110 W Bitler • Olpe, KS • 620.475.3301 • 800.440.3018  
107 E Violet • Potwin, KS • 620.752.3212 • 800.387.7739  
106 W First • Udall, KS • 620.782.3341 • 800.442.6835





## Buyers Prefer Homes With Fiber-Optic Connections

According to a survey commissioned by the Fiber-to-the-Home (FTTH) Council, very high speed Internet service via fiber is considered the most important amenity for a future home purchase, among homebuyers.

The national survey by RVA LLC Market Research and Consulting shows that 82 percent of those buyers who have had broadband service over FTTH rank it as the leading amenity in a future home, and nearly 70 percent of those who hadn't had FTTH say it's the amenity they want most in a future home.

Other amenities against which fiber-optic connections were compared included green space or walking, jogging, biking trails; community parks and pools; 24-hour neighborhood patrols; and fitness centers/clubhouses. The only thing that came close to very high speed Internet access from a direct fiber line was green space/walking or jogging trails, with scores of 62 percent among current FTTH users and 65 percent among non-FTTH users.

These survey results send a clear message to the real estate market: If a home for sale has a fiber optic connection available, you should clearly advertise that fact. Fiber is a sought-after feature among today's homebuyers, and not every home can offer this valuable amenity.

Keep in mind that fiber-optic connections—unlike adding a pool or a deck—are an amenity that homeowners usually can't choose to get on their own. Most often, the communications provider in a community has to decide to invest in a fiber-optic network and bring that network to particular neighborhoods or streets.

Wheat State Telephone is proud to bring FTTH to our service areas. Not only does our fiber-optic network enhance the performance of Internet and other services, it also enhances the value of homes. Put simply, having FTTH-based service available to your home could help it sell more quickly, and for a higher price, than it would otherwise.

## Phase III: FTTH Construction

Over the last couple of weeks, Udall customers have been watching construction crews busily move forward with the first steps of Wheat State Telephone's Fiber to the Home (FTTH) project.

Wheat State Telephone's engineering contractor, RVW, has been working in the Udall community to schedule customer appointments to bury a fiber optic line to your property.

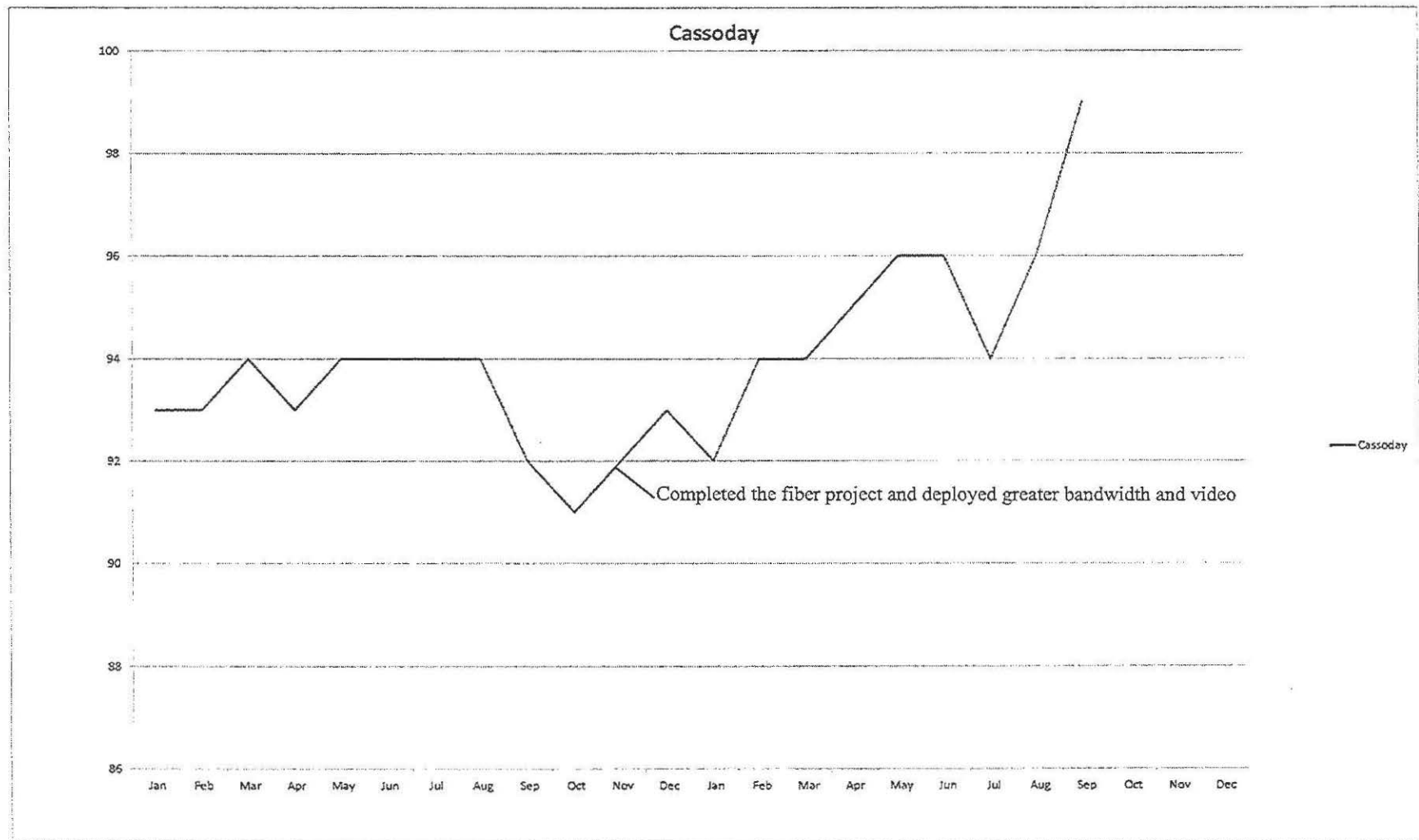
RVW Employees will be identified by the name on their trucks and by a Wheat State Telephone cap and name badge.

MP Nexlevel Contruction has begun working in the community both in the city and in the country.

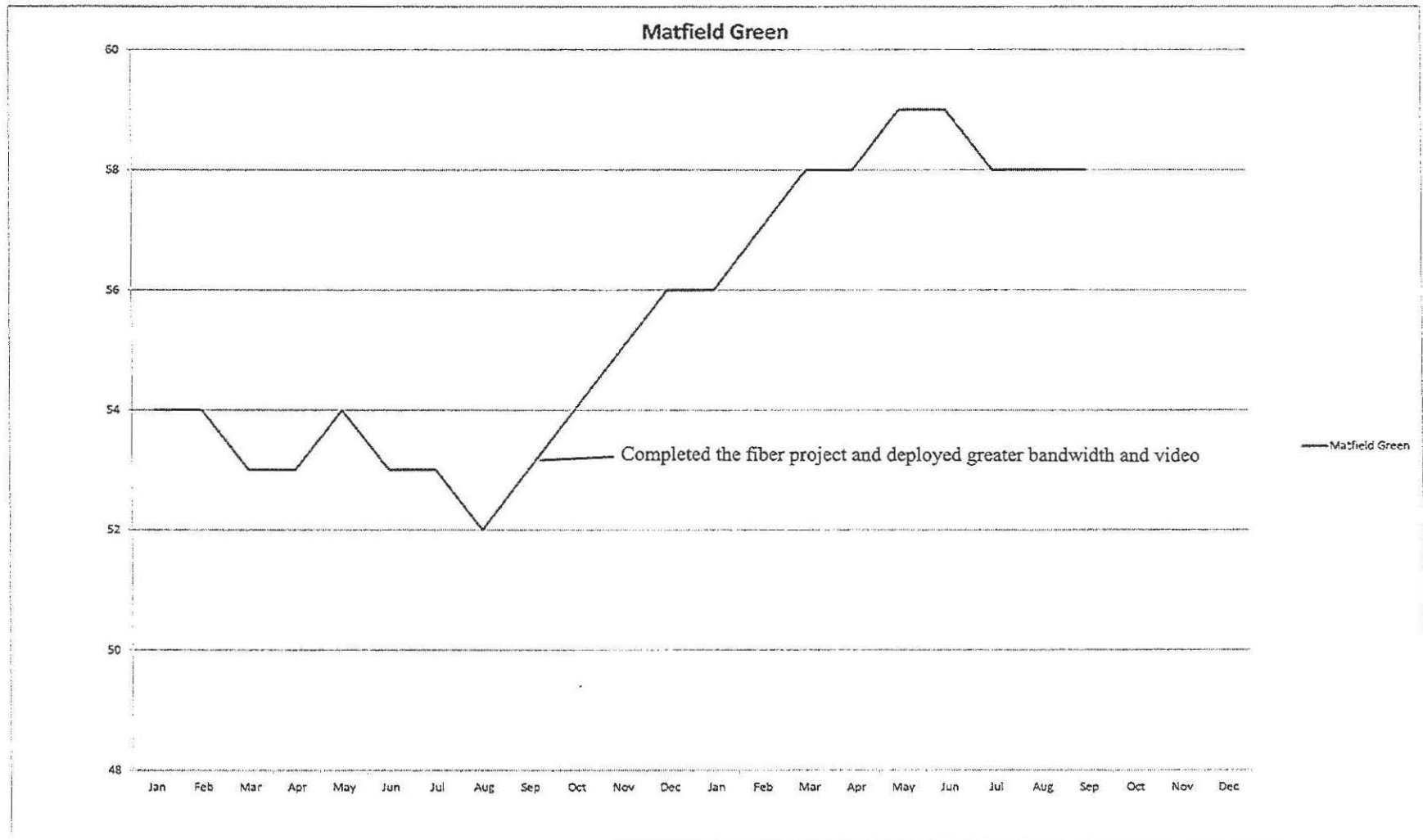
Construction of the underground network should be completed by year-end. Customer homes and businesses will be connected to the new network starting in the 2nd Quarter of 2015.

Wheat State Telephone is excited to bring you this next-generation communications technology.

Wheat State Telephone  
Access Line Growth  
Fiber and Video Deployment  
2013 thru 2014

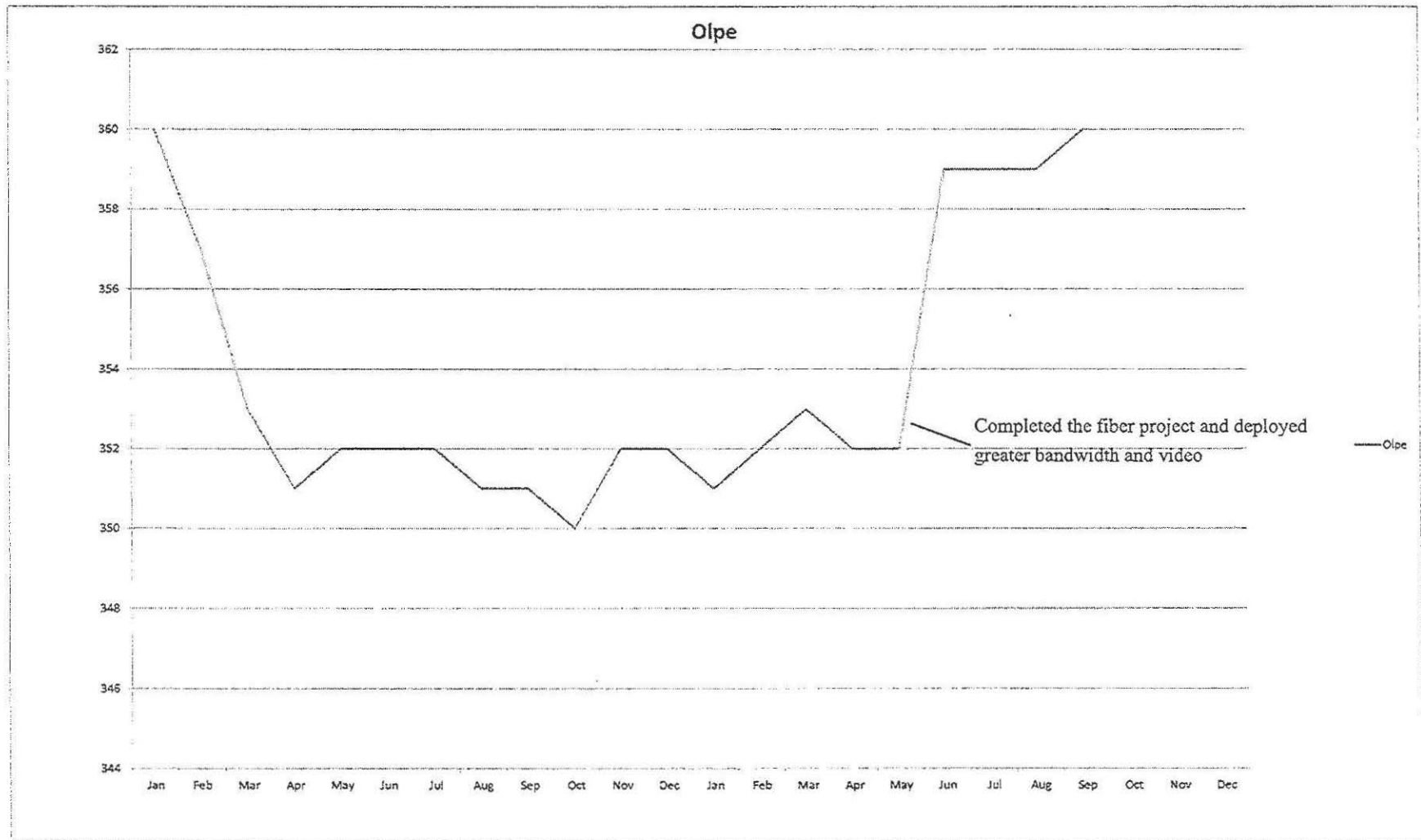


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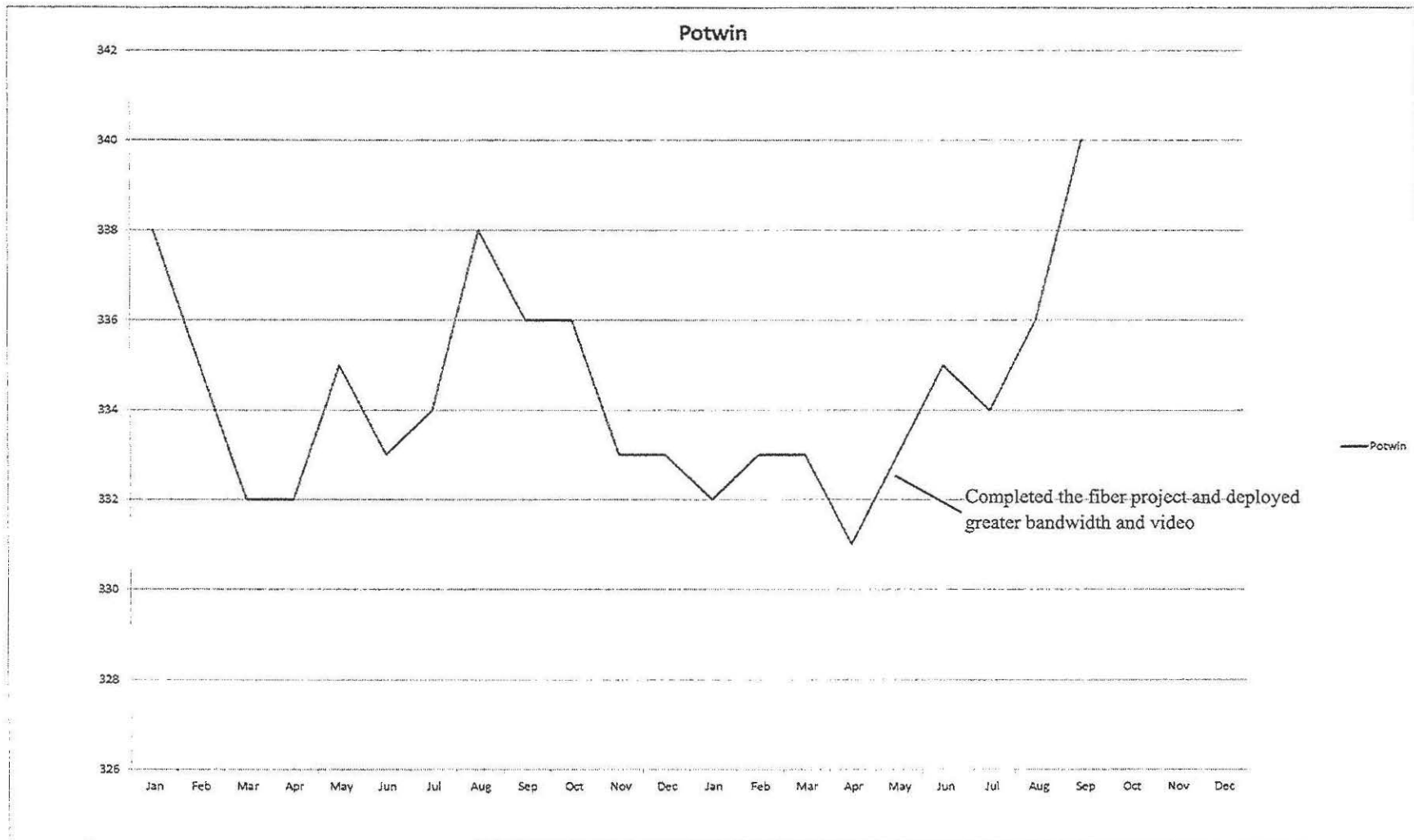




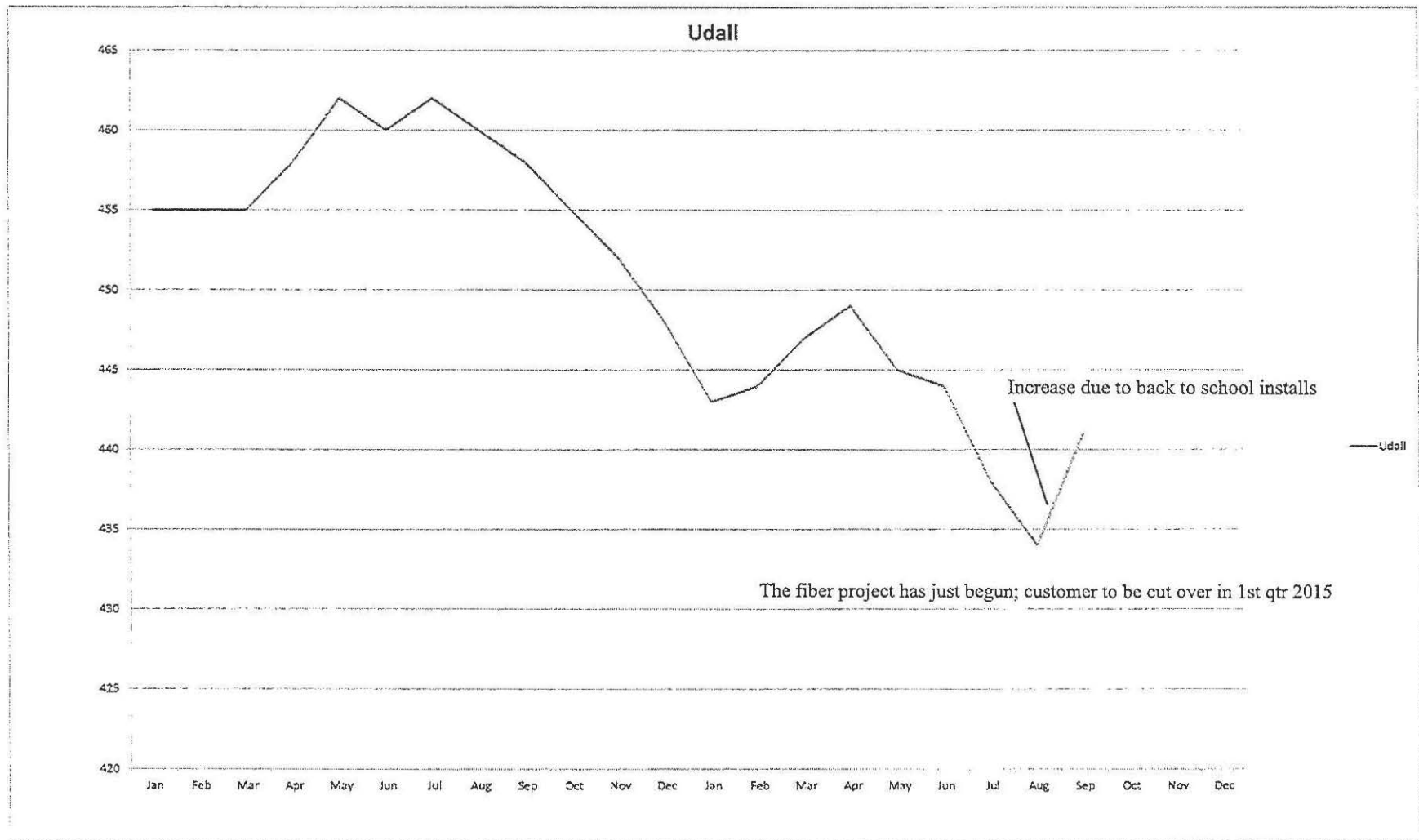
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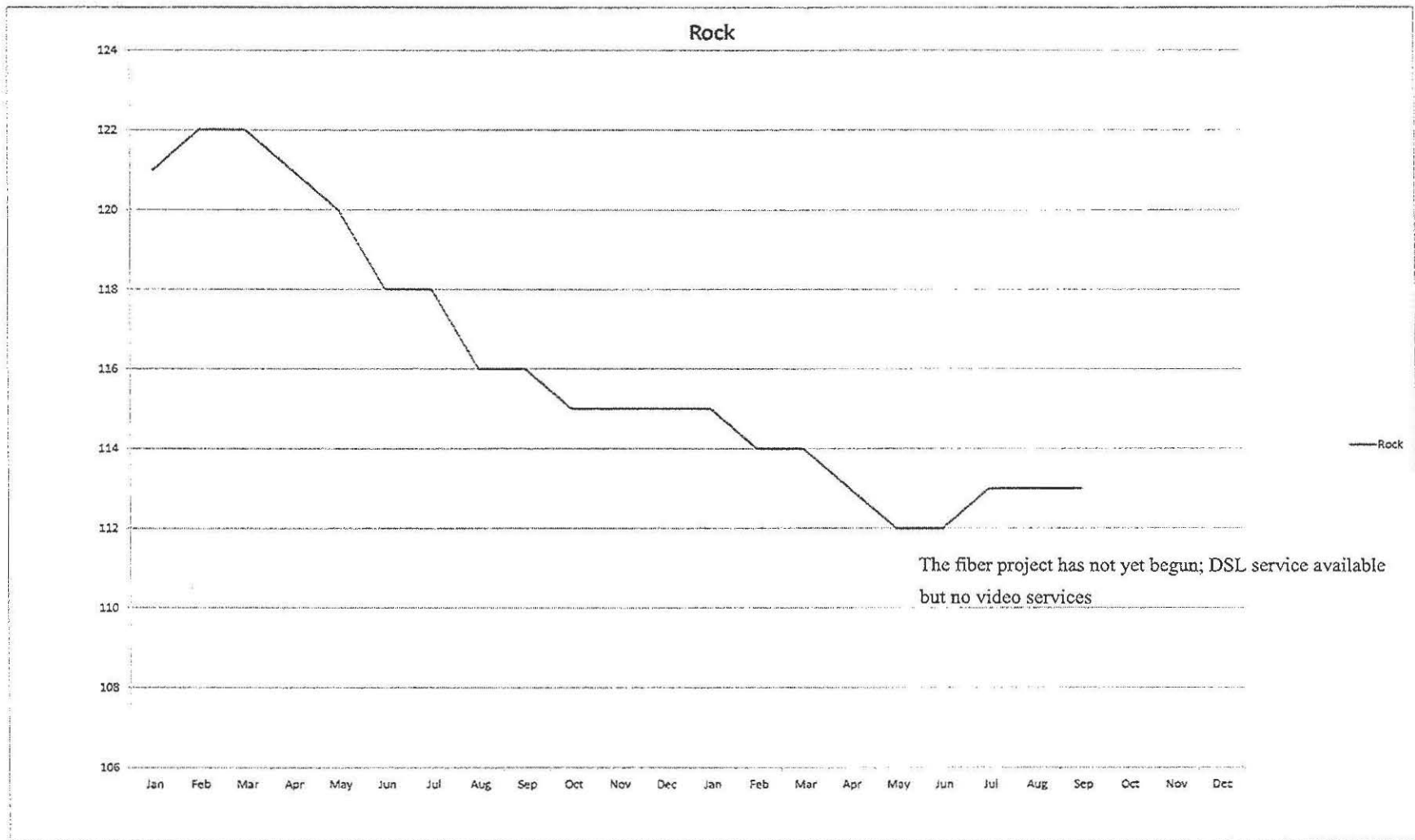


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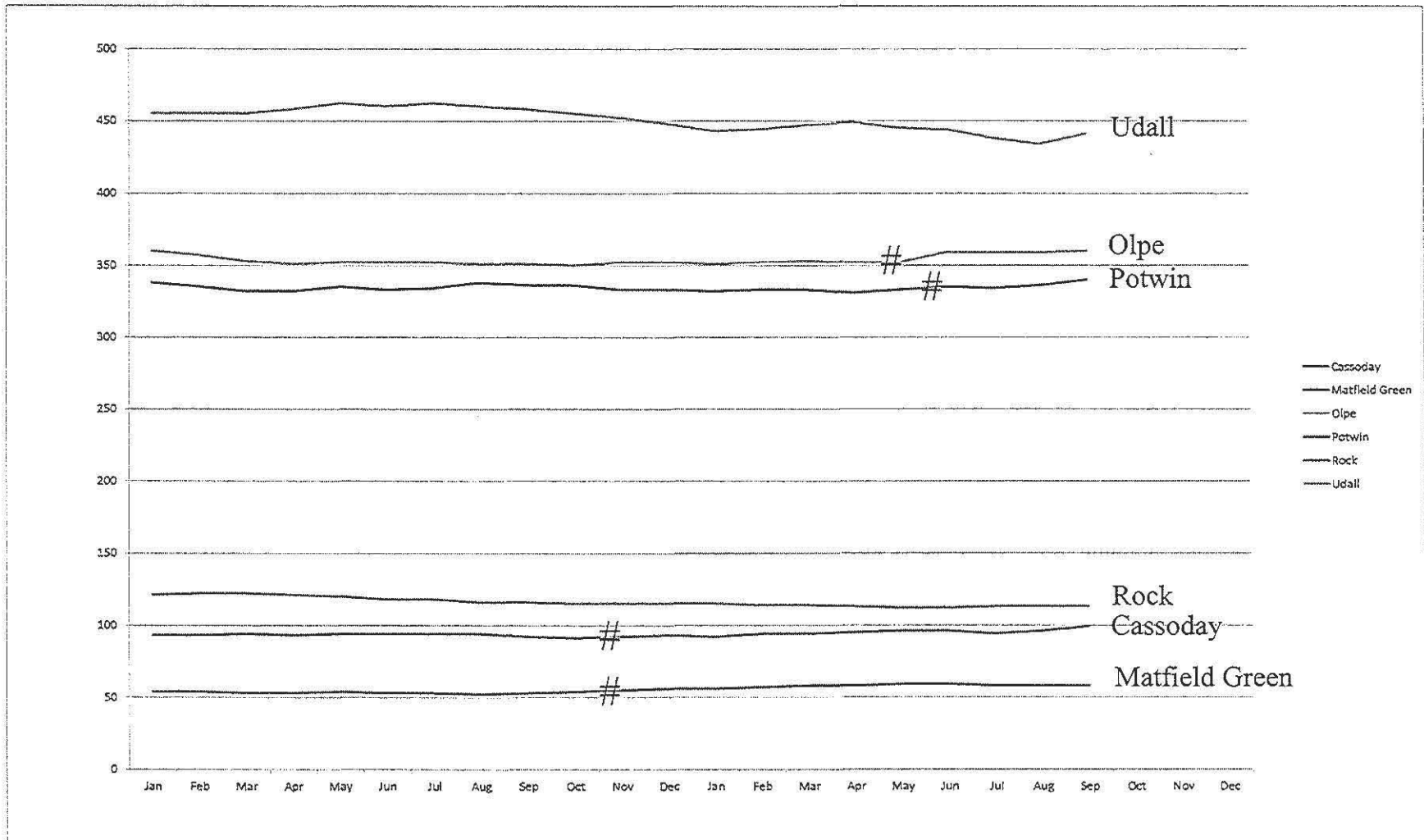




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# Denotes the completion of the FTTH project for that exchange and the deployment of higher bandwidth and video

# Internet Take Rate by Bandwidth Package

INTERNET COUNTS			Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	####	###	####	####
Basic 1.54 ala carte	49.95	XCELPKN	61	59	58	53	52	49	48	43	42				
Basic 1.54 Bundle	30.00	XCELBASICB	504	493	477	442	400	363	331	294	277				
Turbo 3.0 Bundle	45.00	XCELTURBO B	117	117	117	112	106	103	94	85	79				
Turbo 3.0 ala carte	69.95	XCELTRB	7	7	7	7	7	6	6	6	5				
Lite 768 Bundle	18.00	XCELLITEB	182	175	165	144	128	120	109	93	79				
Lite 768 ala carte	29.95	XCELR8A	78	77	65	60	55	50	44	31	22				
Xtreme 6.0 alacarte	74.95	XCEL6.0A	5	4	5	6	6	7	7	6	4				
Xtreme 6.0 bundle	49.95	XCELXTREM EB	150	156	159	157	156	148	145	134	132				
EnFusion 5 bundle	19.99	ENBB5.0B	20	25	44	92	139	183	217	264	305				
EnFusion 5 ala carte	29.99	ENBB5.0A	3	6	19	22	26	32	42	56	75				
EnFusion 10 bundle	29.99	ENBB10.0B	12	21	35	58	77	91	104	128	133				
EnFusion 10 ala carte	39.99	ENBB10.0A	0	2	4	4	6	7	9	14	16				
EnFusion 15 bundle	39.99	ENBB15.0B	3	4	4	7	12	19	25	31	36				
EnFusion 15 ala carte	49.99	ENBB15.0A	0	0	0	0	1	4	4	4	6				
EnFusion 25 bundle	59.99	ENBB25.0B	1	1	1	1	1	3	3	3	3				
EnFusion 25 ala carte	69.99	ENBB25.0A	0	0	0	0	0	1	1	1	1				
<b>Broadband Total:</b>			<b>1,143</b>	<b>1,147</b>	<b>1,160</b>	<b>1,165</b>	<b>1,172</b>	<b>1,186</b>	<b>1,189</b>	<b>1,193</b>	<b>1,215</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Res. Access Lines			1,389	1,394	1,399	1,398	1,397	1,405	1,396	1,396	1,411				
Bus. Access Lines			<u>211</u>	<u>213</u>	<u>213</u>	<u>213</u>	<u>213</u>	<u>215</u>	<u>215</u>	<u>214</u>	<u>211</u>				
Total Access Lines			<u>1,600</u>	<u>1,607</u>	<u>1,612</u>	<u>1,611</u>	<u>1,610</u>	<u>1,620</u>	<u>1,611</u>	<u>1,610</u>	<u>1,622</u>	<u>#</u>	<u>#</u>	<u>#</u>	<u>#</u>
<b>Penetration</b>			<b>71%</b>	<b>71%</b>	<b>72%</b>	<b>72%</b>	<b>73%</b>	<b>73%</b>	<b>74%</b>	<b>74%</b>	<b>75%</b>	<b>###</b>	<b>###</b>	<b>###</b>	<b>###</b>